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GENERAL

1. UK Cabinet approves non-withdrawal from Berlin--Foreign Secretary Bevin has informed US Ambassador Douglas in London that the British Cabinet has approved unanimously and without qualifications "a policy of clear and unquestioned determination to remain in Berlin." Douglas reports Bevin's view that the US and UK should mobilize their air transport strength to the greatest possible extent in order to supply the civilian population of Berlin. According to Douglas, Bevin feels strongly that such an exhibition of power would greatly reinforce the morale of the Germans in Berlin and effectively demonstrate to the USSR and the Satellites the power of the US and the UK. Bevin believes the Kremlin would shortly reopen the lines of communication to Berlin when it learned that such a "spectacular performance" was possible.
2. Major Soviet offensive within two years held unlikely--The US Military and Naval Attaches in Bucharest express the view that although there are unmistakable signs that the USSR is making long-range preparations for war, the Kremlin will not launch a major offensive within the next two years. The Attaches base their time estimate upon the following considerations: (a) Soviet reconstruction in Rumania is not yet completed; (b) Satellite armed forces will have matured within two years; (c) supply of vital technical industrial equipment cannot be accomplished before 1951, or even later; and (d) the construction of projected air bases and facilities, particularly for strategic bombardment, will require several years.

(CIA Comment: CIA concurs in these views. Recent estimates by other US observers in eastern Europe are in fundamental agreement with the analysis of the Military and Naval Attaches in Bucharest.)

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EUROPE

3. GERMANY: USSR prepared to exploit "revolutionary situation"

[redacted] the Communist-dominated Socialist Unity Party is secretly planning to set up action committees in Berlin for activation upon pre-arranged signals. [redacted] the Communists maintain that the currency reform in Berlin is creating a "revolutionary situation" which must be utilized to bring about the withdrawal of the western allies from the city. [redacted]

[redacted] the Communists intend that the "German revolutionary masses" carry out strikes and demonstrations about 1 July, in order to give the impression that the position of the western powers has been made untenable through the will of the German population. Commanding General Clay transmits from an "unimpeachable source" a report that the Communists also plan to seize key points in the western sectors of Berlin. [redacted]

[redacted] the Communists believe capitulation of the western powers must be forced promptly, lest western propaganda compel the USSR to abandon the blockade on food and electricity and thereby damage Soviet prestige.

(CIA Comment: CIA believes that until the determination of the German population is weakened by hunger as a direct consequence of a prolonged blockade of food shipments, the anti-Soviet attitude of the western sector population will render ineffective Communist attempts to exploit the present situation.)

4. FRANCE: Communist press moderate on Berlin--US Ambassador Caffery interprets the fact that French Communist publications have taken a comparatively moderate view of the present situation in Berlin as an indication that the Kremlin is not yet prepared to adopt a completely uncompromising attitude toward the Berlin issue. Caffery reports that the more "extreme elements" among French and Soviet Communists in Paris believe that the efforts of the USSR in Germany should be directed primarily toward forcing a withdrawal of the western powers from Berlin. Caffery believes that the moderate views, as expressed in the French Communist press, may reflect more accurately the attitude of the Kremlin.

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(CIA Comment: CIA believes that the USSR is not yet prepared to force a definite "showdown" in Berlin and that current Soviet measures there may be designed to force the western powers into negotiations which would give the Soviet Union another opportunity to raise the questions of quadripartite control for all Germany and Soviet participation in the Ruhr.)

EAST

5. MALAYA: British seriously concerned over situation--
US Consulate General Singapore reports that serious concern is being privately expressed by British officials in the Malay Federation over the terrorist methods being used in the current disturbances and the extent of the areas affected. The US Consul at Kuala Lumpur indicates that a British military spokesman believes widespread military operations will be necessary to quell the disturbances. The local police at Kuala Lumpur have suggested that the US be approached in order to obtain weapons and ammunition.

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